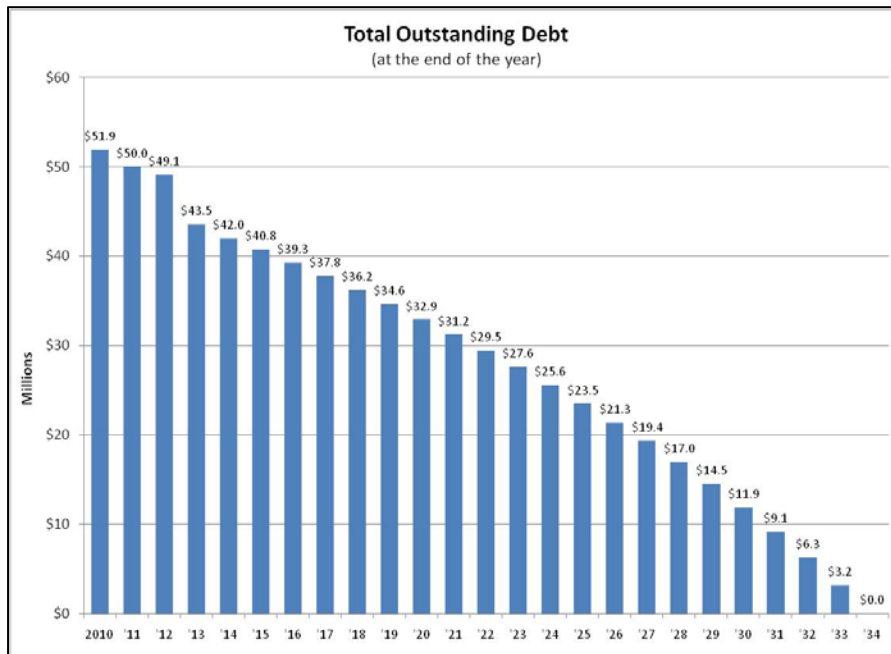


City of University Place Long Term Debt Reduction Plan

Since incorporation, the City of University Place has occasionally issued bonds or other forms of debt in order to fund a variety of major projects, including park purchases, street improvement projects, and the Town Center development. Below is a brief overview of the City's current debt and the debt reduction plan. Additional questions can be directed to Executive Director Eric Faison, efaison@cityofup.com.



What Has the Debt Paid For?	
Project Type	% of Current Debt
Stormwater / Street Improvement	11%
Cirque Park Purchase & Development	4%
Windmill Village Purchase & Development	7%
Town Center Infrastructure	35%
Civic / Library Building	43%

City Debt Q & A

Projected Town Center Debt Payments and Sources		
Year	Debt Payment (principle + interest)	Primary Payment Sources
2011	\$4,561,876	Surface Water Management (SWM) Fees General Fund (property, utility & other taxes, fees, etc.) Park and Traffic Impact Fees Real Estate Excise Tax Arterial Street Fuel Tax Loans to the General Fund from Proprietary Funds
2012	\$3,505,160	SWM fees, General Fund, REET, Arterial Fuel Tax
2013	\$15,957,317	\$8M = Refinance Remainder = General Fund, REET, etc.
2014	\$4,229,386	SWM fees, General Fund, REET, Arterial Fuel Tax
2015	\$4,066,803	SWM fees, General Fund, REET, Arterial Fuel Tax
2016	\$3,701,856	SWM fees, General Fund, REET, Arterial Fuel Tax
2017	\$3,704,118	SWM fees, General Fund, REET, Arterial Fuel Tax
2018	\$3,603,530	SWM fees, General Fund, REET, Arterial Fuel Tax
2019	\$3,599,197	SWM fees, General Fund, REET, Arterial Fuel Tax
2020	\$3,601,630	SWM fees, General Fund, REET, Arterial Fuel Tax
2021	\$3,472,293	SWM fees, General Fund, REET, Arterial Fuel Tax
2022	\$3,475,153	SWM fees, General Fund, REET, Arterial Fuel Tax
2023	\$3,474,398	SWM fees, General Fund, REET, Arterial Fuel Tax
2024	\$3,473,786	SWM fees, General Fund, REET, Arterial Fuel Tax
2025	\$3,472,963	SWM fees, General Fund, REET, Arterial Fuel Tax
2026	\$3,426,755	General Fund
2027	\$3,426,023	General Fund
2028	\$3,425,342	General Fund
2029	\$3,396,102	General Fund
2030	\$3,428,344	General Fund
2031	\$3,423,875	General Fund
2032	\$3,428,219	General Fund
2033	\$3,425,531	General Fund
2034	\$3,425,813	General Fund

Q: Why does the City have debt?

A: Debt allows cities to build large projects that they would not otherwise be able to fund by spreading the payment out over time. It is common for cities to use debt to pay for major projects that benefit residents both now and in the future.

Q: Why is there such a large payment in 2013?

A: The City originally scheduled a large principle payment of \$12 million in 2013, anticipating that Town Center land sales would cover the payment.

Q: What happens now that Town Center is delayed?

A: The City adjusted its budget in 2010 and is saving to make a \$4 million payment in 2013. If the City does not sell additional Town Center lands by 2013, the City will then refinance the remaining \$8 million.

Q: Do you expect it to be difficult to refinance \$8 million?

A: No. The \$4 million repayment in 2013 will give the City sufficient bonding capacity to refinance the debt. The City will keep an eye on the market and make any necessary adjustments to ensure that the City meets all of its financial obligations.

Q: Can the City maintain current services and pay its debt?

A: Based on conservative projections, the City can maintain existing services and meet all of its financial obligations. The City will continue monitor revenues and expenditures, however, and adjust service levels to match available resources as necessary.